

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>12-</u>
v.	:	DATE FILED: <u>August 28, 2012</u>
ROBERT MULGREW	:	VIOLATIONS:
LORRAINE DISPALDO	:	18 U.S.C. §§ 1341, 1349 (mail fraud
ELIZABETH MULGREW	:	– 30 counts)
	:	18 U.S.C. §§ 1343, 1349 (wire fraud
	:	- 1 count)
	:	26 U.S.C. § 7206(1) (filing false federal
	:	income tax returns – 9 counts)
	:	26 U.S.C. § 7201 (tax evasion - 1 count)
	:	18 U.S.C. § 152 (bankruptcy fraud - 1
	:	count)
	:	26 U.S.C. § 7212 (obstructing the
	:	administration of the internal revenue
	:	laws - 1 count)
		18 U.S.C. § 2 (aiding and abetting)

INDICTMENT

COUNTS ONE THROUGH THIRTY

**MAIL FRAUD
18 U.S.C. §§ 1341, 1349 and 2**

THE GRAND JURY CHARGES THAT:

Introduction

At all times relevant to this indictment:

1. Defendant ROBERT MULGREW was the Vice-President of the Friends of Dickinson Square (“FDS”), a non-profit civic organization described below. Defendant MULGREW was also an employee of the International Brotherhood of Electrical Workers, Local 98, and, as of January 2008, an elected Traffic Judge in Philadelphia.

2. Defendant LORRAINE DISPALDO was the Secretary/Treasurer of the

Community to Police Communications (“CPC”), a non-profit civic organization described below. Defendant DISPALDO was also a Pennsylvania state employee working as a legislative aide to W.K., an elected member of the Commonwealth of Pennsylvania House of Representatives. DISPALDO worked in W.K.’s office at 1531 S. 2nd Street, Philadelphia, PA, and operated CPC from there.

Department of Community and Economic Development and Grants to FDS and CPC

3. The Pennsylvania Department of Community and Economic Development (“DCED”) was an agency of the Commonwealth of Pennsylvania which awarded grants to non-profit community and civic organizations. Between 1996 and 2008, DCED awarded hundreds of thousands of dollars in grants to FDS and CPC. FDS received eight grants totaling approximately \$465,000. Five of those grants, totaling approximately \$295,000, were received between 2002 and 2006. CPC received thirteen grants totaling \$397,000. Five of those grants, totaling approximately \$260,000, were received between 2004 and 2008.

4. After approximately 2002, DCED awarded grants to FDS with the understanding that the grants were to be used to purchase equipment and materials for the maintenance of Dickinson Square Park (“the park”) at 4th & Tasker Streets, Philadelphia, and surrounding neighborhood revitalization. Defendant ROBERT MULGREW signed the FDS grant contracts with DCED.

5. After approximately 2004, DCED awarded grants to CPC with the understanding that the grants were to be used to purchase communications equipment for the police and to purchase materials to secure vacant lots and buildings for the protection of the police. Defendant LORRAINE DISPALDO signed the CPC grant contracts with DCED.

The fraud committed against the DCED

6. As described in this indictment, throughout the process of securing the DCED funds and managing their expenditure, defendants ROBERT MULGREW and LORRAINE DISPALDO made misrepresentations to DCED. The defendants claimed that they would spend grant funds solely to purchase equipment and materials for neighborhood revitalization and improved communications with the police. Contrary to their claims and contrary to what they committed themselves to do under the terms of contracts they signed with DCED, defendants MULGREW and DISPALDO instead paid tens of thousands of dollars in grant funds to MULGREW'S relatives and associates, including the teenage sons of his friends, and to W.K.'s life-long friends, for work purportedly done on behalf of FDS and CPC. In order to create the impression that grant funds were being used in a concerted effort to maintain the park and surrounding neighborhoods and to secure property to protect the police – consistent with the reasons DCED authorized the grants – defendants MULGREW and DISPALDO often created “make work” projects as a pretext for paying relatives and associates with grant funds. Moreover, defendant DISPALDO often improperly used grant resources to address routine cleanup requests from W.K.'s constituents. After distributing the funds, defendants MULGREW and DISPALDO supplied false and misleading information to DCED to conceal the actual amount of grant funds which they paid to the relatives and associates contrary to the express purposes of the grant.

7. Defendants ROBERT MULGREW and LORRAINE DISPALDO also spent thousands of dollars of grant funds for their own personal uses. In addition, defendant MULGREW improperly reimbursed himself from FDS funds for thousand of dollars of

expenditures which he claimed were incurred by FDS, but actually were not, and for his expenditures for items not authorized under the terms of the FDS grants.

The Friends Of Dickinson Square and Community to Police Communications

8. The Friends of Dickinson Square (FDS) was an all-volunteer group which removed graffiti and cleaned Dickinson Square and the surrounding neighborhood in Philadelphia. In the 1990's D.R., the owner of a small business which was located at 1533 S. 2nd Street, Philadelphia, next door to W.K.'s office, began coordinating the efforts of the Friends of Dickinson Square. Eventually, D.R. met defendant ROBERT MULGREW and W.K. through this neighborhood group, and the three coordinated subsequent volunteer efforts for the neighborhood. At various times in the late 1990's, W.K. obtained small state grants which funded FDS's group volunteer efforts. In July 1999, D.R. applied on behalf of FDS for non-profit status with the Internal Revenue Service ("IRS") and received an Employer Identification Number from them.

9. In applying for grants from the DCED, D.R. used the following description of FDS and the intended use of grant funds:

FDS is a non-profit organization that is dedicated to the maintenance of Dickinson Square Park and improvements of the neighborhood that surround the park. The grant money given will insure rehabbing and low level maintenance of community gardens; neighborhood green projects and stabilization of abandoned properties. Members devote many hours towards anti-graffiti activities and turning abandoned lots into green space, throughout the area. We will also use the funds to purchase fencing material, park benches (for green space and lots) anti-graffiti remover, painting equipment, gardening equipment and landscape materials.

10. D.R. signed all of the written FDS grant applications at the 2nd Street office offices of W.K., where he understood they were prepared. Each application noted that the

requested funds were to be used for community development/revitalization, and left blank blocks in which applicants were to include proposed budget expenditures for salaries and professional services. Instead, each application identified the proposed expenditures for community revitalization in a category for “other.” None of the grant applications requested authority to use the grant funds to pay individuals stipends or salaries.

11. Before receiving grant funds from DCED, defendant ROBERT MULGREW signed contracts on behalf of FDS which required him to spend grant funds for the activities described in the FDS applications and approved by DCED. These contracts included Appendices which set out the approved activities and expenditures which defendant MULGREW committed himself to follow. Specifically, the contracts permitted the following: buying equipment and spending money to maintain community gardens and neighborhood green projects; buying equipment and spending money to stabilize abandoned properties and turn abandoned lots into green space, and buying fencing, park benches, ant-graffiti materials, and painting, gardening, and landscape materials. Funds were also authorized to purchase a dump truck and lease pickups trucks for FDS activities. None of the contracts authorized expenditures for stipends or salaries. None of the FDS contracts authorized expenditure of grant funds for personal uses.

12. Defendant LORRAINE DISPALDO applied for grants on behalf of CPC in her own name, and in the name of D.V., who was not involved with CPC. Defendant DISPALDO used the following description for CPC in state grant applications:

Community to Police Communication Systems, a non profit Corporation, which seeks to address the longstanding complaints of many Philadelphia residents of the time it takes the Philadelphia Police Department to respond to telephone calls through 911 systems.

The Community to Police Communication Systems intentions is to supply the police department with direct contact to the community by advance mobile technology. The mobile phones are distributed to Police Captains, Lieutenants and Sergeants also to the beat cops, patrol cars and wagons in the South Philadelphia Police Departments. We have also coordinated police bicycle patrol units in the same districts. Through the use of the cellular phones and bicycle units and between the coordination of the police district and community member's response time to "non-violent" situations will be greatly reduced. Also, money is provided to secure vacant lots and buildings to better protect our officers. The funds cover the ongoing monthly mobile phone bills and any necessary equipment that needs to be updated or upgraded.

The following uses: ongoing monthly mobile phone bills, mobile phones, airtime, maintenance, batteries, chargers, bicycle & bicycle equipments, vests, vehicle code books and any fencing, landscaping, and miscellaneous expenses.

13. None of the CPC grant applications requested authority to use the grant funds to pay individuals stipends or salaries. The applications signed by defendant LORRAINE DISPALDO contained the following language: "I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge. If I knowingly make a false statement . . . to obtain a grant . . . I may be subject to criminal prosecution."

14. Before receiving grant funds from DCED, defendant DISPALDO signed each contract with DCED on behalf of CPC and committed herself to use the grant funds for purposes consistent with the applications she made and the description she created for the group. That is, she agreed to spend grant funds on phones and communications equipment for the police, and on fencing, landscaping and other expenses to be used to secure vacant lots and buildings to protect the police. No funds were authorized for CPC to pay stipends or salaries.

None of the CPC contracts authorized expenditure of grant funds for personal uses. Because the DCED contracts required two signatures on behalf of CPC, defendant LORRAINE DISPALDO forged on each contract the signature of D.V., representing him to be the President or Chief Executive Officer of CPC. At the time, D.V. was not associated with CPC. Defendant DISPALDO received the CPC grant funds from DCED, and controlled the CPC checkbook, payments, and accounts from W.K.'s office.

DCED Review of Expenditures and Close Out Reports

15. DCED required all grant recipients to submit "closeout" reports which identified and documented expenditures in the full amount of the grant. As recipients of grant funds from DCED on behalf of their organizations, defendants ROBERT MULGREW and LORRAINE DISPALDO were required by DCED to submit these reports. DCED could suspend the grant contracts for misuse of funds or failure to submit required reports, and could also compel defendants MULGREW and DISPALDO to repay all or a portion of granted funds if DCED determined that they had used funds improperly. On the reports they submitted, defendants MULGREW and DISPALDO falsely certified that the information in them was true and correct and that grant funds were used for the purposes described in the grant proposal and approved by DCED.

16. From in or about 2002 through in or about August 2010, in the Eastern District of Pennsylvania and elsewhere, defendants

**ROBERT MULGREW
and
LORRAINE DISPALDO**

devised and intended to devise a scheme to defraud the Commonwealth of Pennsylvania and

obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

17. Defendants ROBERT MULGREW and LORRAINE DISPALDO took control of the management and operation of FDS and relegated D.R. to a purely figurehead position as FDS Director/President. After gaining control of FDS, defendants MULGREW and DISPALDO caused D.R. to pre-sign FDS's checks in blank after FDS received DCED grants from approximately 2002 until approximately mid-2009. Defendant MULGREW retained the FDS checkbook and co-signed the FDS checks with D.R. until approximately May 2008, by which time he had become a Traffic Court judge. Starting in May 2008, defendant DISPALDO retained the FDS checkbook and began co-signing the FDS checks with D.R.

18. By obtaining D.R.'s signature on blank checks and maintaining control of the FDS checkbook, defendants ROBERT MULGREW and LORRAINE DISPALDO enabled themselves to pay whomever they wanted and for items not authorized under the state grants without D.R.'s knowledge and without further scrutiny. Neither defendants MULGREW nor DISPALDO informed D.R. that they issued checks to individuals as payment for work completed on behalf of FDS. As a consequence, D.R. was unaware that individuals were paid with grant funds by FDS, which he believed continued to be a volunteer organization which spent grant funds for materials and equipment only.

Misuse of Grant Funds to Pay Stipends and Make Other Payments

19. Defendants ROBERT MULGREW and LORRAINE DISPALDO repeatedly signed grant contracts in which they committed themselves to spend grant funds solely on equipment and materials for neighborhood revitalization, as described above in this indictment. Despite their commitments, they improperly used grant funds to pay stipends and make other payments to relatives of defendant MULGREW and friends and associates of defendant MULGREW and WK, and, at times, justified the expenditures by creating “make work” projects for the associates and by assigning them to perform “constituent services” for W.K.’s benefit. Neither defendant informed DCED that they intended to pay stipends or make other payments to the friends, relatives or associates of defendant MULGREW and W.K.

20. The persons defendants ROBERT MULGREW and LORRAINE DISPALDO improperly paid with grant funds included the following: R.McK., defendant MULGREW’S nephew; R.Mu., defendant MULGREW’S son; W.S., a lifelong friend of W.K.; and R.McS., a lifelong friend of W.K.

21. Defendant ROBERT MULGREW also used grant funds to hire the teenage sons of friends and associates for summer work on behalf of FDS, which employment was not necessary and not authorized under the terms of the grants.

22. Even though none of the CPC grants authorized payment of wages or stipends to workers, defendant LORRAINE DISPALDO periodically issued CPC checks to pay some of the same FDS workers. These payments were most frequently made after FDS had depleted its grant funds.

23. In addition to paying relatives and associates stipends, defendant

ROBERT MULGREW created a fictitious business entity to facilitate payments FDS made to W.S., the lifelong friend of W.K., by characterizing W.S. as a “vendor” who ostensibly completed “landscaping” work on behalf of FDS. To justify these expenditures to DCED, defendant ROBERT MULGREW instructed W.S. to fill out and backdate numerous false invoices which defendant MULGREW created and supplied to him. These fictitious invoices were titled “W. Sullivan Landscaping, No Job To (sic) Small, 6th & Wolf Sts,” a non-existent entity nominally located at W.S.’s mother’s home. Defendant MULGREW then submitted the false invoices to DCED to justify the payments to W.S., who did not provide services to justify the \$45,575 he was paid during 2003 through approximately September 2006. Defendant LORRAINE DISPALDO also paid W.S. an additional \$7,950 during the same time period from CPC grant funds, but did not report the payments to W.S. on CPC closeout reports she supplied to DCED.

Misuse of Community Development Grant Funds to Pay For Personal Items

24. Defendant ROBERT MULGREW wrongfully spent FDS grant funds to lease pickup trucks which he used almost exclusively for his personal needs during 2002 through early 2008. Defendant MULGREW caused FDS to make one down payment of at least \$9,000 on one of the trucks, and to make numerous lease and insurance payments concerning the trucks. In total, FDS paid more than \$46,000 for pickup trucks defendant MULGREW regularly used as his primary means of transportation. For a time, defendant MULGREW permitted one of his family members to use one of the trucks for the family member’s personal needs.

25. Defendant ROBERT MULGREW also spent FDS grant funds to purchase services and items for his or other individuals’ personal use. These services and items included

expenditures for work boots, an \$827 camera, extermination services, cigarettes, waterfall equipment, and personal telephone services. Defendant MULGREW also spent thousands of dollars in FDS grant funds on unauthorized matters which, while of no personal benefit to himself, benefitted organizations or other individuals with whom he was associated. These expenditures included real estate taxes, a \$300 rent payment for landscaper W.S., and a \$1,200 charitable donation to the Two Street 5K run.

26. In addition to spending FDS funds for his own benefit, defendant ROBERT MULGREW wrote thousands of dollars in FDS “reimbursement” checks to himself for what he claimed, falsely, were legitimate FDS expenditures. Some of these receipts and bills were for personal expenditures and not authorized under the grants and some were not generated during authorized FDS grant activities. By writing unjustified reimbursement checks to himself, defendant MULGREW effectively stole thousands of dollars of FDS grant funds.

27. Defendant LORRAINE DISPALDO also improperly paid W.K.’s office cleaner and errand runner more than \$12,700 from CPC funds during 2006 to 2010, none of which she reported to DCED. In addition, defendant DISPALDO submitted altered invoices to DCED to conceal her payment of over \$4,600 in CPC funds for her personal cell phone.

Misrepresentations in Close Out Reports

28. Despite that fact that payment of stipends was not authorized by DCED, defendant ROBERT MULGREW reported some stipend payments to persons on FDS closeout reports he submitted. On each closeout report, defendant MULGREW certified that the grant funds were used for the purposes described in the grant proposal and as approved by DCED. However, defendant MULGREW regularly submitted false close-out reports which

misrepresented the amount of the stipends paid and concealed the total payments made. For example, among others misrepresentations on FDS closeout reports, defendant MULGREW claimed that his nephew, R.M., had been paid a total of \$9,765 in stipends by FDS when, in fact, FDS had paid \$26,168 to the nephew. In addition, defendant MULGREW claimed that his son, R.M., had been paid a total of \$3,685 in stipends by FDS when, in fact, FDS had paid R.M. a total of \$9,169.

29. On CPC closeout reports, defendant DISPALDO claimed that defendant ROBERT MULGREW'S nephew, R.M., was paid a total of \$1,875 by CPC when, in fact, CPC paid \$15,904 to the nephew. In addition, defendant DISPALDO reported no payments to defendant MULGREW'S son, R.M., when CPC had paid him \$1,225. Defendant MULGREW reported none of the CPC payments to FDS workers on the FDS close-out reports he supplied to DCED. Defendant DISPALDO concealed more than \$48,000 in payments she made from CPC funds to the relatives of MULGREW and to the associates of MULGREW and of her employer W.K. by not reporting them on the CPC closeout reports.

30. In summary, defendants ROBERT MULGREW and LORRAINE DISPALDO reported to DCED that FDS and CPC together had paid a total of approximately \$51,520 to individuals in stipends when, in fact, FDS and CPC together paid a total of approximately \$119,933 to those individuals.

31. To conceal the fact that FDS paid tens of thousands of dollars more in stipends to his relatives and associates than he had disclosed to DCED, and to conceal the fact that he had paid himself unjustified reimbursements, defendant ROBERT MULGREW consistently submitted false close out reports which included thousands of dollars worth of

receipts and invoices which he claimed documented FDS purchases but which, in fact, did not. These included numerous cash gas purchase and dumping fee receipts which were not generated during authorized FDS grant activities. Defendant MULGREW also submitted more than \$5,000 in invoices for materials which were purchased by CPC, not FDS. Defendant LORRAINE DISPALDO did not disclose the payment of these invoices on CPC's closing reports. On each closeout report documenting false reimbursements and misuses of FDS funds, and including invoices not related to legitimate FDS activities, defendant MULGREW falsely certified that the grant funds were used for the purposes described in the grant proposal and approved by DCED.

32. To conceal the fact that she too had written undisclosed paychecks to individuals from CPC funds, and to conceal her own theft of CPC funds, defendant LORRAINE DISPALDO supplied DCED with duplicate receipts and invoices on the CPC closeout reports she supplied to DCED. That is, on later grant closeout reports DISPALDO provided DCED with the exact same expense invoices and receipts which she supplied the state on earlier close-out reports. On the final closeout report submitted by defendant DISPALDO, more than two-thirds of the invoices supplied to DCED to justify the final grant expenditures were the same invoices the defendant had previously submitted to justify earlier grants. DISPALDO submitted some invoices with three different closeout reports. Of approximately \$258,000 in CPC expenses documented for DCED by defendant DISPALDO, more than \$105,000 of those expenses were simply duplicates of expenses previously submitted to DCED.

33. To conceal his theft of thousands of dollars in FDS grant funds, defendant ROBERT MULGREW submitted specific receipts and bills to DCED to justify the FDS checks

he wrote to himself. These FDS checks reimbursed defendant MULGREW for what he claimed were legitimate FDS expenditures he paid from personal funds. As noted earlier in this indictment, some of these reimbursements were for personal expenditures and not authorized under the grants and some were not generated during authorized FDS grant activities. The expenditures included the following: impermissible food purchases for himself and others, cash purchases of fuel, (including multiple nighttime purchases near MULGREW's sister-in-law's home in Wayne, Pa., and other locations outside Philadelphia), parking fees, tolls, pickup truck expenses, Christmas tree purchases, work boots, and numerous expenses incurred by defendant MULGREW while he was on Local 98 business.

34. In an attempt to falsely justify the payment of stipends, defendant ROBERT MULGREW supplied DCED with false IRS Forms 1099, Miscellaneous income, showing that several persons had received stipend payment from FDS. These 1099s did not accurately report the sums of money paid to these persons, were never provided to these persons, and were not filed with the Internal Revenue Service, as required by law.

35. Defendant ROBERT MULGREW never completed or filed IRS Forms 990, Return of Organization Exempt from Income Tax, with the IRS on behalf of FDS, as required by law, and never furnished IRS Forms 1099, Miscellaneous income, to individuals to whom FDS made in excess of \$600 in payments in any one year, as required by law.

36. After defendant LORRAINE DISPALDO assumed co-signing responsibility on FDS checks in approximately May 2008, she did not create and furnish IRS Forms 1099 to the individuals to whom she signed FDS checks in excess of \$600, and did not complete and file IRS Forms 990, Return of Organization Exempt from Income Tax, as required

by law. Defendant LORRAINE DISPALDO distributed false IRS Forms 1099 to individuals to whom she had supplied CPC checks. These 1099s did not report all of the funds CPC had paid the persons.

Misrepresentations to DCED Staff

37. Defendant ROBERT MULGREW also made false statements to DCED personnel to further the scheme to improperly use grant funds and to conceal the scheme from authorities. When questioned by a DCED representative about extensive WAWA and other miscellaneous food receipts submitted to DCED in closing reports, defendant ROBERT MULGREW claimed that these were food costs for FDS “volunteers.” Despite the fact that numerous checks from FDS and signed by MULGREW to individuals contained a notation for “payroll,” defendant MULGREW told the DCED representative that paying for the volunteers’ food was “my way of paying them.”

38. At times, after being questioned about grant expenditures by DCED personnel, defendant ROBERT MULGREW submitted affidavits which falsely proclaimed that all funds received under the grant were expended for goods and services expressly permitted under the terms of the grant. These affidavits were notarized by defendant LORRAINE DISPALDO.

39. On one occasion, after receiving a DCED letter questioning the legitimacy of some FDS expenditures, defendant ROBERT MULGREW supplied an affidavit from W.S. which falsely proclaimed that he had done gardening work for FDS for years and completed a number of other tasks in preparation for “others to do their volunteer work.”

40. On one occasion, after CPC was informed that its closeout report was

rejected because DCED could not reconcile approximately \$12,600 of the reported expenses, defendant LORRAINE DISPALDO sent a response to DCED which included a number of invoices and expenses, and claimed, among other things, that CPC reimbursed their “volunteers” for planting materials.

MAILINGS

41. On or about the following dates, in the Eastern District of Pennsylvania and elsewhere, defendants

**ROBERT MULGREW and
LORRAINE DISPALDO,**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by the United States mail and by commercial interstate carrier, according to directions thereon, the items listed below, each use of the United States mail and commercial interstate carrier being a separate count:

Count	Approx. Date	Description
1	9/01/07	A letter dated September 1, 2007, from defendant ROBERT MULGREW to Gayle Elder containing IRS Forms 1099 showing Friends of Dickinson Square as the payer and concerning expenditures on contract C00005399, DCED Reference No. 23-321-0534, sent from Philadelphia, PA., to Harrisburg, PA.
2	10/28/08	A Pennsylvania Department of Community & Economic Development letter dated 10/28/08 to D.R. titled Second Notice of Project Notification Requirements concerning Friends of Dickinson Square contract C000018365, DCED Reference No., 25-826-0242, sent from Harrisburg, PA., to Philadelphia, PA.

- 3 2/23/09 A Pennsylvania Department of Community & Economic Development letter dated 2/23/09 to D.R. concerning Friends of Dickinson Square's contract C000018365, DCED Reference No. 25826-0242 and FDS's non-compliance and ineligibility for funding, sent from Harrisburg, PA., to Philadelphia, PA.
- 4 4/24/09 A Grant Closeout Report and an affidavit, both dated April 24, 2009, and signed by defendant ROBERT MULGREW, and a grant disbursement summary concerning contract C000018365, DCED Reference, No. 25-826-0242, sent from Philadelphia, PA., to Harrisburg, PA.
- 5 5/27/09 A Grant Closeout Report dated May 27, 2009, and signed by defendant ROBERT MULGREW, and an affidavit dated April 24, 2009, concerning contract C000018365, DCED Reference Number 25-826-0242, sent from Philadelphia, PA., to Harrisburg, PA.
- 6 10/28/08 A Pennsylvania Department of Community & Economic Development letter dated 10/28/08 to D.R. titled Second Notice of Project Notification Requirements concerning Friends of Dickinson Square contract C000018366, DCED Reference No. 25-826-0243, sent from Harrisburg, PA., to Philadelphia, PA.
- 7 2/23/09 A Pennsylvania Department of Community & Economic Development letter dated 2/23/09 to D.R. concerning Friends of Dickinson Square contract C000018366, DCED Reference No. 25-826-0243 and FDS's non-compliance and ineligibility for funding, sent from Harrisburg, PA., to Philadelphia, PA.
- 8 4/22/09 A Grant Closeout Report dated April 22, 2009, and signed by defendant ROBERT MULGREW, and a grant disbursement summary concerning contract C000018366, DCED Reference Number 25-826-0243, sent from Philadelphia, PA., to Harrisburg, PA.
- 9 4/30/09 A Pennsylvania Department of Community & Economic Development letter dated 4/30/09 to D.R. concerning Friends of Dickinson Square contract C000018366, DCED Reference NO. 25-826-0243 discussing allowable expenditures and DCED grant requirements, sent from Harrisburg, PA., to Philadelphia, PA.

- 10 5/27/09 A Grant Closeout Report dated May 27, 2009, and signed by defendant ROBERT MULGREW, and an affidavit dated April 21, 2009, concerning contract C000018366, DCED Reference Number 25-826-0243, sent from Philadelphia, PA., to Harrisburg, PA.
- 11 12/10/07 Commonwealth of Pennsylvania Department of Community & Economic Development Contract No. C000029684, DCED Reference No. 26-826-0670, signed on 12/10/07 by defendant ROBERT MULGREW, sent from Philadelphia, PA., to Harrisburg, PA.
- 12 1/23/08 A Department of Community & Economic Development letter dated 1/23/08 to D.R. containing an executed copy of Commonwealth of Pennsylvania Department of Community & Economic Development Contract No. C000029684, DCED reference No. 26-826-0670, sent from Harrisburg, PA., to Philadelphia, PA.
- 13 2/28/08 A Commonwealth of Pennsylvania check dated 2/28/08 in the amount of \$50,000 and payable to Friends of Dickinson Square, sent from Harrisburg, PA., to Philadelphia, PA.
- 14 5/1/09 A Grant Closeout Report dated 5/1/2009, and signed by defendant ROBERT MULGREW, concerning contract C000029684, DCED Reference Number 26-826-0670, sent from Philadelphia, PA., to Harrisburg, PA.
- 15 5/27/09 A Grant Closeout Report, an affidavit, and a grant disbursement summary, all dated 5/27/2009, and signed by defendant ROBERT MULGREW, concerning contract C000029684, DCED Reference Number 26-826-0670, and a copy of MULGREW'S traffic court business card, sent from Philadelphia, PA., to Harrisburg, PA.
- 16 7/23/09 A Pennsylvania Department of Community & Economic Development letter dated 7/23/09 to D.R. titled Notice of Rejected Closeout Report concerning a shortage of submitted invoices for contract C000029684, DCED Reference Number 26-826-0670, sent from Harrisburg, PA., to Philadelphia, PA.

- 17 8/31/09 A Pennsylvania Department of Community & Economic Development letter dated 8/31/09 to D.R. titled Notice of Non-Compliance concerning contract C000029684, DCED Reference Number 26-826-0670, and discussing ineligibility for additional financial assistance, sent by from Harrisburg, PA., to Philadelphia, PA.
- 18 10/23/09 A Pennsylvania Department of Community & Economic Development letter dated 10/23/09 to D.R. concerning contract C000029684, DCED Reference Number 26-826-0670, and discussing continued ineligibility for additional financial assistance, sent from Harrisburg, PA., to Philadelphia, PA.
- 19 12/9/09 A Pennsylvania Department of Community & Economic Development letter dated 12/9/09 to D.R. concerning contract C000029684, DCED Reference Number 26-826-0670, and discussing continued ineligibility for additional financial assistance, sent from Harrisburg, PA., to Philadelphia, PA.
- 20 4/26/10 A Pennsylvania Department of Community & Economic Development letter dated 4/26/10 to D.R. concerning contract C000029684, DCED Reference Number 26-826-0670, and discussing continued ineligibility for additional financial assistance, sent by United States mail or commercial interstate carrier from Harrisburg, PA., to Philadelphia, PA.
- 21 7/1/10 A package containing a number of insurance receipts, FDS check copies, storage facility fees, and other documents concerning contract C000029684, DCED Reference Number 26-826-0670, sent by defendant ROBERT MULGREW from Philadelphia, PA., to the Pennsylvania Department of Community & Economic Development in Harrisburg, PA.
- 22 7/28/10 A Governor's Office of General Counsel letter dated July 28, 2010 to Friends of Dickinson Square concerning contract C000029684, DCED Reference Number 26-826-0670, concerning return of a partial portion of the grant, \$6,837, sent from Harrisburg, PA., to Philadelphia, PA.
- 23 3/25/08 A Grant Closeout Report dated 3/25/2008 and signed by defendant LORRAINE DISPALDO, and copies of invoices, all concerning contract C000018286, DCED Reference Number 25-826-0163, sent from Philadelphia, PA., to Harrisburg, PA.

- 24 4/11/09 A Pennsylvania Department of Community & Economic Development letter dated 4/11/2009 to D.V. titled Notice of Rejected Closeout Report concerning contract C000018286, DCED Reference Number 25-826-0163, discussing missing documentation and requiring an additional submission, sent from Harrisburg, PA., to Philadelphia, PA.
- 25 6/4/09 A Pennsylvania Department of Community & Economic Development letter dated 6/4/2009 to Lorraine Dispaldo, Secretary /Treasurer, titled Notice of Rejected Closeout Report concerning contract C000023638, DCED Reference Number 26-826-0132, discussing variances from the contract and requiring a re-submission of documents, sent from Harrisburg, PA., to Philadelphia, PA.
- 26 9/29/08 A Department of Community & Economic Development letter dated September 29, 2008 to D.V. containing an executed copy of Commonwealth of Pennsylvania Department of Community & Economic Development Contract No. C000034547, sent from Harrisburg, Pa., to Philadelphia, PA.
- 27 4/22/10 A Grant Closeout Report dated 4/22/10 and signed by defendant LORRAINE DISPALDO, and copies of invoices, all concerning contract C000034547, sent from Philadelphia, PA., to DCED in Harrisburg, PA.
- 28 7/21/10 A Pennsylvania Department of Community & Economic Development letter dated 7/21/2010 to D.V. titled Notice of Rejected Closeout Report concerning contract C000034547, discussing reasons for rejecting the closeout and requiring an explanation of expenses, sent from Harrisburg, Pa., to Philadelphia, PA.
- 29 8/26/10 A Pennsylvania Department of Community & Economic Development letter dated 8/6/2010 to D.V. titled Notice of Rejected Closeout Report concerning contract C000034547, discussing reasons for rejecting the closeout and requiring the return of funds not spent on approved expenditures and requiring payment of interest, sent from Harrisburg, Pa., to Philadelphia, PA.

30	9/7/10	A memorandum dated September 7, 2010, responding to the items raised in the DCED letter of August 6, 2010, concerning contract C000034547 and including copies of additional CPC checks and telephone service invoices, sent from Philadelphia, PA., to DCED in Harrisburg, PA.
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All in violation of Title 18, United States Code, Sections 1341, 1349, and 2.

COUNT THIRTY-ONE

**WIRE FRAUD
18 U.S.C. §§ 1343, 1349 and 2**

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 15 of Count One through Thirty of this indictment are incorporated here.

THE SCHEME

2. From in or about 2002 through in or about August 2010, defendants

**ROBERT MULGREW and
LORRAINE DISPALDO**

devised and intended to devise a scheme to defraud the Commonwealth of Pennsylvania and obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

3. Paragraphs 17 through 40 of Counts One through Thirty of this indictment are incorporated here.

4. On or about the December 19, 2008, in the Eastern District of Pennsylvania and elsewhere, defendants

**ROBERT MULGREW and
LORRAINE DISPALDO,**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described here, that is, a wire transfer of \$25,000

from the Commonwealth of Pennsylvania to Community to Police bank account number
.....4946 at TD Bank.

In violation of Title 18, United States Code, Sections 1343, 1349 and 2.

COUNT THIRTY-TWO

**TAX EVASION
26 U.S.C. § 7201**

THE GRAND JURY FURTHER CHARGES THAT:

1. Defendants ROBERT MULGREW and ELIZABETH MULGREW were married to one another and filed joint federal income tax returns during 2005 through 2010.

2. During tax year 2005 and continuing until approximately August 27, 2007, in the Eastern District of Pennsylvania, and elsewhere, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW,**

residents of Philadelphia, Pennsylvania, willfully attempted to evade and defeat and aided and abetted the evasion of a large part of the income tax due and owing by them to the United States of America, by, among other things:

(a) failing to declare as income the value of monetary and non-monetary benefits received from the Friends of Dickinson Square;

(b) failing to declare additional retirement income in the amount of approximately \$5,875;

(c) failing to declare thousand of dollars of additional income deposited to personal bank accounts; and

(d) falsifying their 2005 joint personal income tax return by claiming improper Schedule C business deductions which reduced their tax liability.

In violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

COUNT THIRTY-THREE

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2007, in the Eastern District of Pennsylvania, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

willfully made and subscribed a United States joint income tax return, Form 1040, for the calendar year 2006, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants ROBERT MULGREW and ELIZABETH MULGREW did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$61,236, when in fact, as the defendants well knew, they had received additional taxable income of approximately \$37,967 which was not reported on the return and the return contained significant false business deductions which improperly reduced their income tax liability.

In violation of Title 26, United States Code, Section 7206(1) and Title 18, United States Code, Section 2.

COUNT THIRTY-FOUR

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2008, in the Eastern District of Pennsylvania, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

willfully made and subscribed a United States joint income tax return, Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants ROBERT MULGREW and ELIZABETH MULGREW did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$80,108, when in fact, as the defendants well knew, they had received additional taxable income of approximately \$25,646 which was not reported on the return and the return contained false business deductions which improperly reduced their income tax liability.

In violation of Title 26, United States Code, Section 7206(1) and Title 18, United States Code, Section 2.

COUNT THIRTY-FIVE

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2009, in the Eastern District of Pennsylvania, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

willfully made and subscribed a United States joint income tax return, Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants ROBERT MULGREW and ELIZABETH MULGREW did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$99,224, when in fact, as the defendants well knew, they had received additional taxable income of approximately \$3,657 which was not reported on the return and the return contained false business deductions which improperly reduced their income tax liability.

In violation of Title 26, United States Code, Section 7206(1) and Title 18, United States Code, Section 2.

COUNT THIRTY-SIX

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2010, in the Eastern District of Pennsylvania, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

willfully made and subscribed a United States joint income tax return, Form 1040, for the calendar year 2009, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants ROBERT MULGREW and ELIZABETH MULGREW did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$107,513 but contained false business deductions which improperly reduced their income tax liability.

In violation of Title 26, United States Code, Section 7206(1) and Title 18, United States Code, Section 2.

COUNT THIRTY-SEVEN

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2011, in the Eastern District of Pennsylvania, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

willfully made and subscribed a United States joint income tax return, Form 1040, for the calendar year 2010, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendants ROBERT MULGREW and ELIZABETH MULGREW did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$112,429, but contained false business deductions which improperly reduced their income tax liability.

In violation of Title 26, United States Code, Section 7206(1) and Title 18, United States Code, Section 2.

COUNT THIRTY-EIGHT

FILING A FALSE INCOME TAX RETURN

26 U.S.C. § 7206(1)

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 17, 2007 in the Eastern District of Pennsylvania, defendant

LORRAINE DISPALDO

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2006, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant DISPALDO did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$56,586, when in fact, as DISPALDO well knew, she had received additional taxable income of approximately \$12,690 in funds sourced from the Committee to Elect Bill Keller and the Community to Police Communications non-profit organization.

In violation of Title 26, United States Code, Section 7206(1).

COUNT THIRTY-NINE

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2008 in the Eastern District of Pennsylvania, defendant

LORRAINE DISPALDO

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant DISPALDO did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$60,013, when in fact, as DISPALDO well knew, she had received additional taxable income of approximately \$13,932 in funds sourced from the Committee to Elect Bill Keller and the Community to Police Communications non-profit organization.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FORTY

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2009, in the Eastern District of Pennsylvania, defendant

LORRAINE DISPALDO

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant DISPALDO did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$57,831, when in fact, as DISPALDO well knew, she had received additional taxable income of approximately \$25,317 in funds sourced from the Committee to Elect Bill Keller and the Community to Police Communications non-profit organization.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FORTY-ONE

**FILING A FALSE INCOME TAX RETURN
26 U.S.C. § 7206(1)**

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2010, in the Eastern District of Pennsylvania, defendant

LORRAINE DISPALDO

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2009, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant DISPALDO did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$57,828, when in fact, as DISPALDO well knew, she had received additional taxable income of approximately \$3,577 in funds sourced from the Committee to Elect Bill Keller and the Community to Police Communications non-profit organization.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FORTY-TWO

**BANKRUPTCY FRAUD
18 U.S.C. § 152**

THE GRAND JURY FURTHER CHARGES THAT:

1. On or about January 18, 2010, defendant LORRAINE DISPALDO filed or caused to be filed in the United States Bankruptcy Court for the Eastern District of Pennsylvania a bankruptcy petition entitled In re Lorraine Dispaldo, Case Number 10-10339.

2. On or about April 5, 2010, defendant LORRAINE DISPALDO filed or caused to be filed in the United States Bankruptcy Court for the Eastern District of Pennsylvania and amended statement of financial affairs various schedules as part of her bankruptcy case number 10-10339, which included her income figures for 2008 and 2009.

3. On or about April 5, 2010, in the Eastern District of Pennsylvania, defendant

LORRAINE DISPALDO,

in connection with her bankruptcy case number 10-10339, a case under Title 11 of the United States Code, knowingly and fraudulently concealed and caused to be concealed from creditors and the United States Trustee in excess of \$27,000 of income she received during 2008 and 2009, and made a false oath concerning the same.

In violation of Title 18, United States Code, Sections 152(1),(2) and 2.

COUNT FORTY-THREE

**CORRUPTLY OBSTRUCTING, IMPEDING AND IMPAIRING THE DUE
ADMINISTRATION OF THE INTERNAL REVENUE LAWS
26 U.S.C. § 7212**

THE GRAND JURY FURTHER CHARGES THAT:

From in or about 2005 through in or about April 2011, defendants

**ROBERT MULGREW and
ELIZABETH MULGREW**

corruptly obstructed and impeded and endeavored to obstruct and impede the due administration of the internal revenue laws of the United States concerning the ascertainment, computation, assessment and collection of their own federal income taxes, by filing false federal income tax returns for tax years 2005 through 2010 in which they committed, among others, the following acts:

- (a) failing to declare as income the value of monetary and non-monetary benefits received by defendant ROBERT MULGREW from the Friends of Dickinson Square;
- (b) failing to declare thousand of dollars of additional cash income deposited to personal bank accounts; and

(c) claiming improper Schedule C business deductions which worked to substantially reduce their joint income tax liability.

All in violation of Title 26, United States Code, Section 7212, and Title 18 United States Code, Section 2.

A TRUE BILL:

FOREPERSON

ZANE DAVID MEMEGER
United States Attorney

